

**Public Employees' Retirement Board  
Employee Investment Advisory Council**

100 North Park Avenue, Room 201

Helena MT 59601

MINUTES

Thursday July 17, 2014

1:00 – 4:30

**Call to Order:**

Ms. Patricia Davis called the meeting to order at 1:00 p.m.

**EIAC/Board Roll Call**

**Council Members in Attendance:**

Patricia Davis, Tom Schneider, Barbara Wagner, Steve Hagen, James Helgeson, Amy Berry, Paul Spengler, Jim Penner, Diane Fladmo, Randy Morris

**MPERB Members in Attendance:**

Warren Dupuis, Sheena Wilson

**Members of the Public:**

Donald Ebsen and Jon Slinger – Buck Consultants  
Linda Ulrich – Great West  
Terry Smith  
Ginger Aldrich – Legal Services  
Melanie Symons, Jenny Weigand, Kate Talley - MPERA

**Approval of EIAC Meeting Minutes -**

**Motion:** Tom Schneider made a motion to approve the April 17, 2014 minutes as corrected.

**Second:** Diane Fladmo

**No Public comment**

**Vote:** Passed (10/0)

**Public Comment not on Agenda**

Terry Smith thanked the board members for their hard work. He also commented on low participation in the Defined Contribution plan and stated that in just over 3 years the Plan Choice Rate will be paid off. He suggested that the committee continue to consider auto enrollment into the 457 plan as a way to help employees with the three legged stool for retirement starting with a minimum contribution.

## **I. Fund Performance Review – Donald Ebsen & Jon Slinger, Buck Consultants**

### **A. Market Review**

Donald Ebsen opened the market review by commenting on how both markets were doing well. Emerging markets were bouncing back. Short-term interest rate increases are unlikely for the remainder of the year.

Mr. Morris began a short conversation to clarify Emerging Markets. Concerns over slowing growth in China were mentioned.

### **B. 457(b) Fund Review**

PIMCO is still behind the benchmark, but there is an improvement. Long term performance continues to be attractive. There were no recommendations for change. Munder is living up to expectations. Columbia Mid Cap Value Z fund was removed and replaced with the MFS Mid Cap Value R5 fund.

### **C. 401(a) Fund Review**

Vanguard Total Bond Market Index Signal fund was replaced with the Prudential Total Return Bond Z. T. Rowe Price doing well, as are the BlackRock Equity Idx. Munder Large and Mid Caps are both performing well. Small Cap and International are doing well in the long run. Oakmark is also an excellent long-term performer.

### **D. Morningstar Addendum**

Star rating a backwards approach with weight given on 3, 5, and 10 year performance based on volatility of performance. So it doesn't matter if a key manager is replaced or if a company changes managerial strategies. Analyst rating a forward approach in a buy/hold/sell. About 20% of funds will have a metal rating (gold, silver, bronze), about 60% will be neutral and 20% a negative rating.

## **II. Socially Responsible Fund Search - Donald Ebsen & Jon Slinger, Buck Consultants**

Mr. Ebsen presented 6 companies to be considered in search for Socially Responsible funds. In his view, the most attractive were Parnassus Core Equity Institutional and Neuberger Berman Socially Responsive. The current SRF, Calvert, struggles to reach benchmarks. A discussion was started regarding the criteria for SRF. Mr. Schneider brought up the subject of a way of tracking within these companies to see if they actually live up to their claims. Buck Consultants will look into finding a list of holdings for Parnassus as well as Calvert for comparison. Ms. Wilson also brought up the question of how many people only hold Calvert because it is the only SRF currently offered. Great West provide the committee with a number of people who ONLY hold Calvert. Paul Spengler moved to delay the decision to replace Calvert.

**Motion to delay:** Paul Spengler

**Second:** Barbara Wagner

**Comment:** Diane Fladmo made the comment she would like a note added to the motion to delay to give the reasons: Waiting to see if there has been a challenge in any of the holdings pertaining

to it being Socially Responsible. Also waiting to get a count of the number of people only holding Calvert at this time.

**Motion to delay with Amendments:** Paul Spengler

**Second:** Barbara Wagner

**Vote:** Passed (9/0)

### **III. 457(b) and 401(a) 2013 Plan Summary – Linda Ulrich, Great-West Financial**

Linda Ulrich gave a presentation to the committee of what Great-West is doing for the 457(b) and 401(a) plans.

### **IX. Update on Plan Fees**

Patricia Davis announced that although she had told the committee at the last meeting that there would be an increase in Defined Contribution (DC) fees, after further consideration, there will be No increase in DC plan fees at this time.

### **Announcement**

Patricia Davis announced that Tim House will be replacing Rande Muffick on the committee beginning with the October meeting.

### **4:00 PROJECTED ADJOURNMENT**

Patricia Davis motioned to adjourn at 4:14, and the motion was seconded.

Next meeting: October 16, 2014